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Russian Federation

Dairy and Products

Certain Dairy Import Tariffs Reduced

2007

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Report Highlights:

In response to rising prices for dairy products, the Russian government issued a resolution October 15 immediately reducing import tariffs on dairy products from 15 to 5 percent. Market analysts believe this action will have little impact on rising cheese and butter prices, since most such imports originate from member states of the Commonwealth of Independent States and thus enter duty-free. However, prices for dairy products reconstituted from dry milk powder may stabilize somewhat.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Moscow [RS1]
[RS]

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Executive Summary

In response to rising prices of dairy products, the Russian government issued resolution No. 674 on October 15, 2007, under which a tariff rates will be set at 5 percent of customs value for customs code positions 0401-0405 (milk and dairy products), and 0.3 Euro per kilo on cheese (TN VED* 0406), excluding positions 0406 10 through 0406 40, on which duties are set at 5 percent.

Market analysts indicate that the resolution won't slow rising cheese and butter prices since most imports already enter Russia duty-free from other members of the Commonwealth of Independent States (CIS), such as Ukraine and Belarus. Cheese from other countries that currently face import duties occupies only a small portion of total cheese imports. However, the lower tariff on imported dry milk is expected to stabilize prices as almost half of all domestic cheese and sour cream is produced from imported dry milk.

Text of Resolution Number 674 of October 15, 2007

Begin Text:

**Government of the Russian Federation
Resolution No. 674 of October 15, 2007
"On Temporary Import Duties on Milk and Dairy Products"**

The Government of the Russian Federation decrees the following:

1. To approve, for a period of 6 months, the attached import tariffs regarding separate types of commodities included into the commodity nomenclature of foreign economic activity of the Russian Federation from November 27, 2006 No. 718 "On the customs tariff of the Russian Federation and the commodities nomenclature applied when carrying out external economic activity" (Collection of legislative acts of the Russian Federation, 2006, No. 50, Article Article 5341).
2. To decree that validity of the second bullet of the resolution No. 1347 dated October 22, 1997 of the government of the Russian Federation. Issues of the Custom and Tariff policy (Collection of legislative acts of the Russian Federation, 1997, No. 43 Article 4998) is not applied for rates of import tariffs approved by the present resolution.
3. The present resolution enters into force as of the date of its official publication.

Chairman of the Government
Of the Russian Federation
V. Zubkov

APPROVED
By the Government
of the Russian Federation
on October 15, 2007, No. 674

Import Customs Duty Rates

TN VED codes ¹	Name of Commodity *	Import Customs Tariff (ad valorem or in Euros or U.S. Dollars)
0401-0405	Milk and dairy products	5 percent
0406	Cheese and cottage cheese	0.3 Euro per 1 KG
Excluding:		
0406 10-0406 40	Fresh cheese, grated or powdered cheeses, process cheese, not grated or powdered, blue and other cheeses	5 percent

*For the purpose of applying the rates of import duty, commodities are determined exclusively by codes of TN VED of Russia. Commodity names are listed only as a courtesy.

End Text.

Source: Rossiyskaya Gazeta (Official Newspaper of the Russian Government); October 17, 2007 and Russian government website at <http://www.government.ru/government/governmentactivity/rfgovernmentdecisions/archive/2007/10/17/1105921.htm>

Other Relevant Reports

RS7070 Grain and Feed / Russian Government Resolution on Temporary Export Duties on Wheat and Barley
(URL not yet available as of this report's submission)

RS7068 Grain and Feed / Grain Export Tariffs Coming in November
<http://www.fas.usda.gov/gainfiles/200710/146292716.pdf>

RS7320 Grain and Feed / Grain Interventions and Export Tariffs Likely
<http://www.fas.usda.gov/gainfiles/200709/146292480.pdf>

RS7043 Dairy and Products / Dairy Semi-Annual Report
<http://www.fas.usda.gov/gainfiles/200705/146291245.pdf>

RS6042 Dairy and Products / Import Duties on Cheese Increase
<http://www.fas.usda.gov/gainfiles/200608/146208623.pdf>

¹ All imported commodities are classified in accordance with the Codes of the Customs Commodities' Nomenclature of the Foreign Economic Activity of the Russian Federation and their descriptions can be found at <http://tks.ru/db/tnved>. These codes are close, but not identical, to the Harmonized System.